

IN THE INCOME TAX APPELLATE TRIBUNAL, CUTTACK BENCH CUTTACK

BEFORE SHRI GEORGE MATHAN, JUDICIAL MEMBER AND

SHRI MADHUSUDAN SAWDIA, ACCOUNTANT MEMBER

ITA No.74/CTK/2026
(Assessment Year: 2023-24)

Dr Narayan Prasad Das Memorial Charitable Public Trust, At-Tigiria, PO: Tigiria, Dist: Cuttack PAN No.AAETD 1589 R	Vs.	Income Tax Officer (Exemption), Cuttack
Appellant/ Assessee		Respondent/ Revenue

Assessee represented by	Shri S.K.Sarangji, CA
Department represented by	Shri Sanjib Banerjee, Sr.DR
Date of hearing	26/02/2026
Date of pronouncement	26/02/2026

ORDER

PER: BENCH

This is an appeal filed by the assessee against the order of the Id. CIT(A), NFAC, Delhi in Appeal No.NFAC/2022-23/10441338 dated 20/01/2026 for the A.Y. 2023-24.

2. Shri S.K.Sarangji, Id. A.R. appeared on behalf of the assessee and Shri Sanjib Banerjee, Id. Sr.DR represented on behalf of the revenue.

3. It was submitted by Id AR that the assessee is a charitable trust, which is running hospital. It was the submission that the assessee has been granted registration u/s.12AB of the Act vide an order dated 6.4.2024. It was the submission that the assessment for the impugned assessment year has been completed on 27.2.2025. It was the submission that in the course of assessment in para 5.2 at page 14 of the assessment order, the Assessing Officer has made adhoc disallowance at 12% out of the entire expenses claimed by the assessee. The disallowance comes to Rs 36,74,056/-. It was the submission that no specific error in regard to the expenses has been pointed out. It was the submission that the adhoc disallowance is not permissible. It was the further submission that in para 5.5 of the assessment order, the Assessing Officer has applied the maximum marginal rate of tax u/s 167B(1) of the Act. It was the submission that the assessee is a trust having registration u/s 12AB of the Act. It was the submission that the assessee trust is also registered under the Act of Government of Odisha. It was the submission that the provisions of section 167B(1) would not apply and levy of maximum marginal rate of tax does not apply in the case of the assessee.

4. In reply, Id Sr DR vehemently supported the orders of the Assessing Officer and Id CTT(A).

5. We have considered the rival submissions. A perusal of the facts in the present case clearly shows that in para 5.1 & 5.2 at page 14 of the assessment order, the Assessing Officer held that the assessee has filed ledger account of expenses alongwith sample copies of bills and vouchers. It is further noticed that the Assessing Officer held that the assessee has failed to provide name, PAN,

complete address of all the persons/entities to whom the payments have been made, documentary proof of payments made alongwith details of TDS deducted on the same, etc. No specific disallowances have been pointed out by the Assessing Officer. The adhoc disallowance at 12% of the entire expenses has been made, which is admittedly not permissible. This being so, the disallowance of the expenses as made by the AO and confirmed by the Id CTT(A) stands deleted.

6. It is further noticed that the Assessing Officer at para 5.5 of the assessment order has held that the reply of the assessee is not acceptable as the individual shares of the beneficiaries in the income of the assessee AOP is indeterminate or unknown. Here, it may be mentioned that the assessee has been granted registration u/s.12AB of the Act on 6.4.2024 and also registered under the Act of Government of Odisha. The assessee being a registered trust, the provisions of section 167B(1) of the Act would not apply in the case of the assessee. The Assessing Officer is directed to apply the normal rate of tax.

7. In the result, appeal of the assessee is allowed.

Order dictated and pronounced in the open court on 26/02/2026.

Sd/-

(MADHUSUDAN SAWDIA)
ACCOUNTANT MEMBER
Cuttack, Dated: 26/02/2026

sd/-

(GEORGE MATHAN)
JUDICIAL MEMBER

**Ranjan, Sr. PS*

Copy to:

1. Assessee - Dr Narayan Prasad Das Memorial Charitable Public Trust, At-Tigiria, PO: Tigiria, Dist: Cuttack
2. Revenue: ITO (Exemption), Cuttack
3. CIT(A), Cuttack
4. CIT
5. DR
6. Guard File

By Order

Assistant Registrar, ITAT, Cuttack